ECONOMIC PROSPERITY IN MILPITAS

OVERVIEW

- Forum Summary
- Retail Realities
- Benchmarks
- Review of ED Program Elements
- Economic Character of Milpitas (SWOT)
- Some Initial Suggested Actions

Commissioners' Forum Summary

- 30 attendees
- 9 EDC members
- 90 minutes

Commissioners' Forum Summary

8 categories of Goals and votes for each category:

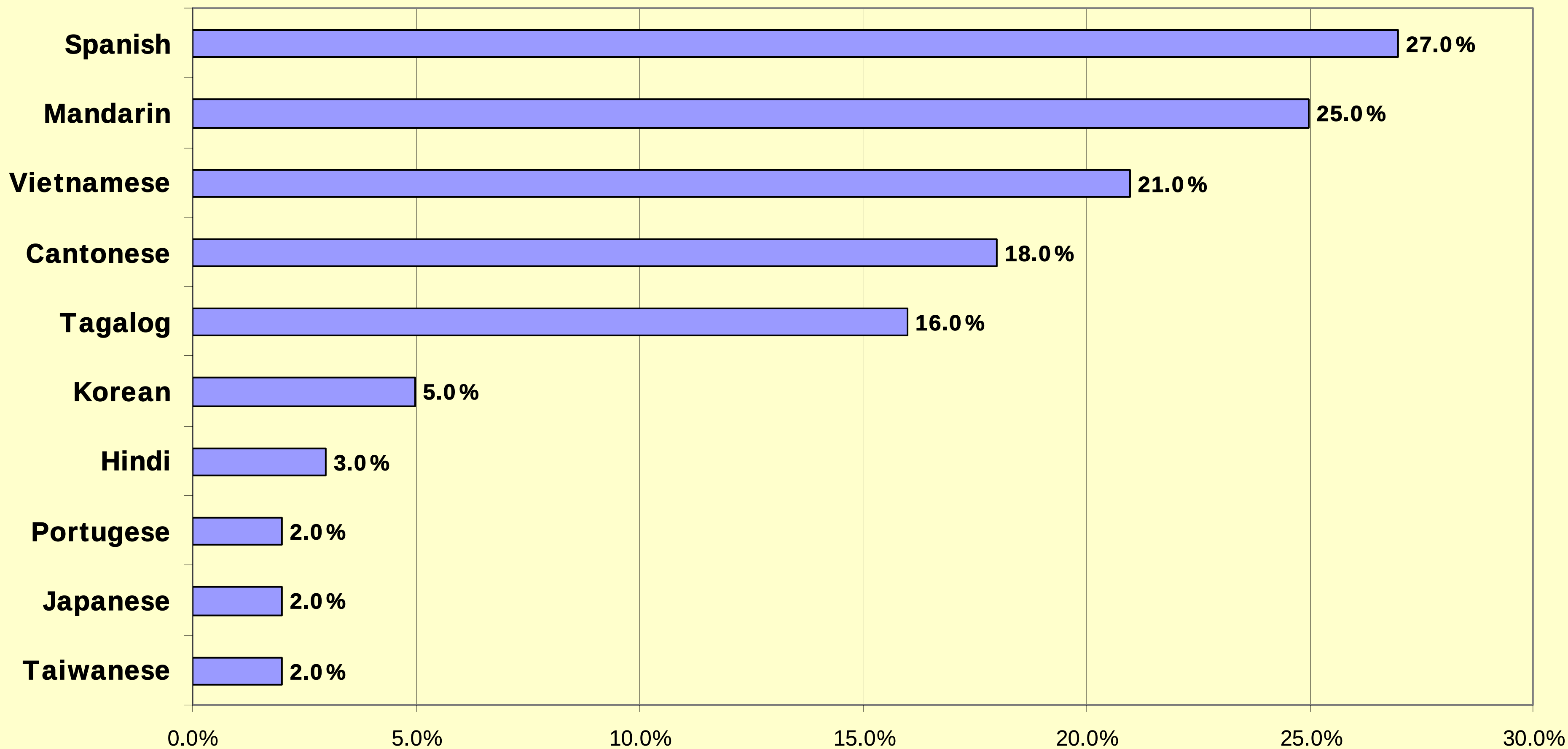
- **Business Climate/Government-Business Interaction … 23**
- **Vibrant Downtown/City Center 17**
- **Education/Schools 14**
- **Economic Mix 13**
- **Image 5**
- **Housing Affordability/Employment 5**
- **Public Facilities 2**
- **Quality of Life/Work Hours 1**

Retail Realities

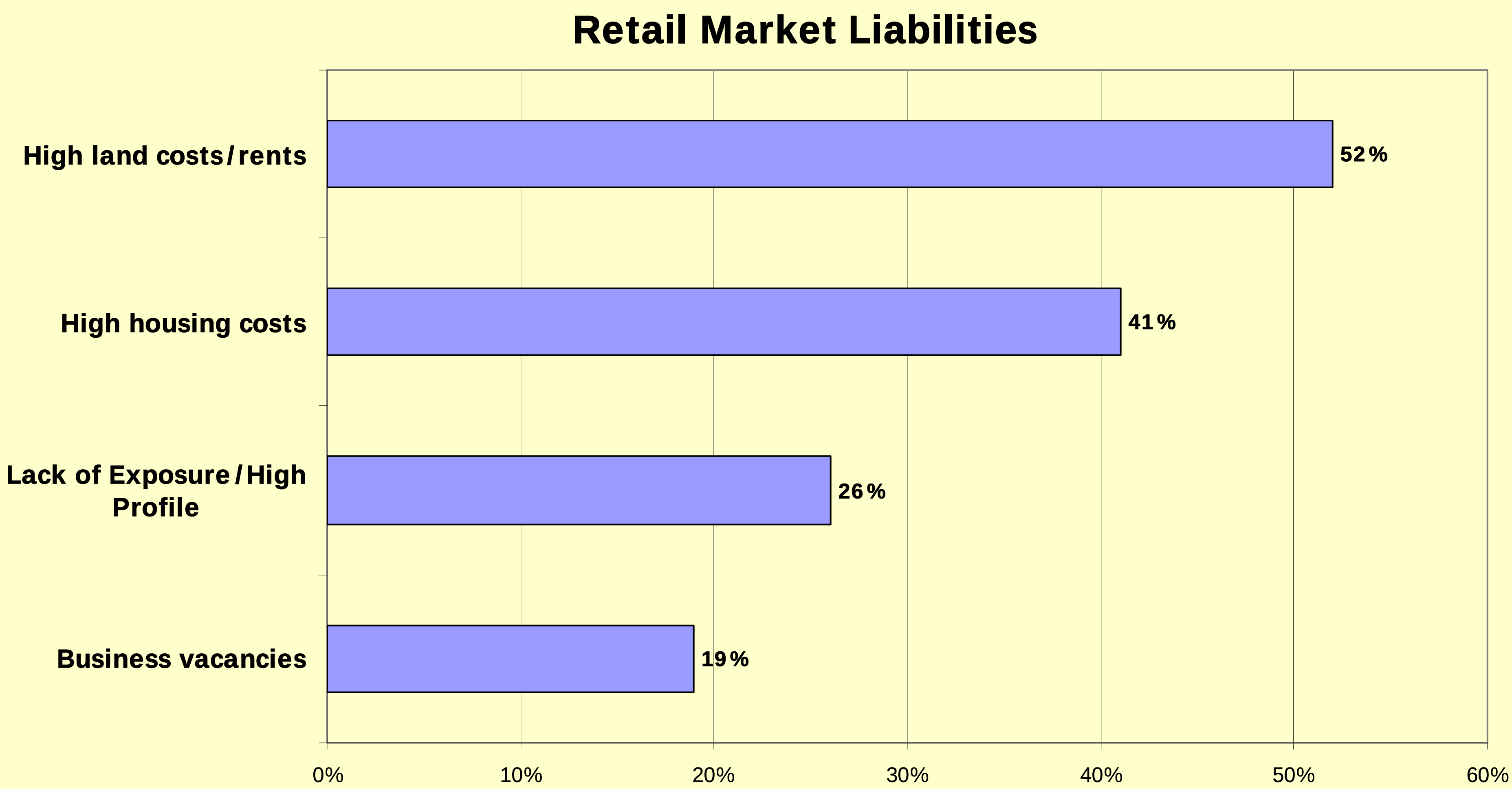
Retail Realities

Retail Realities

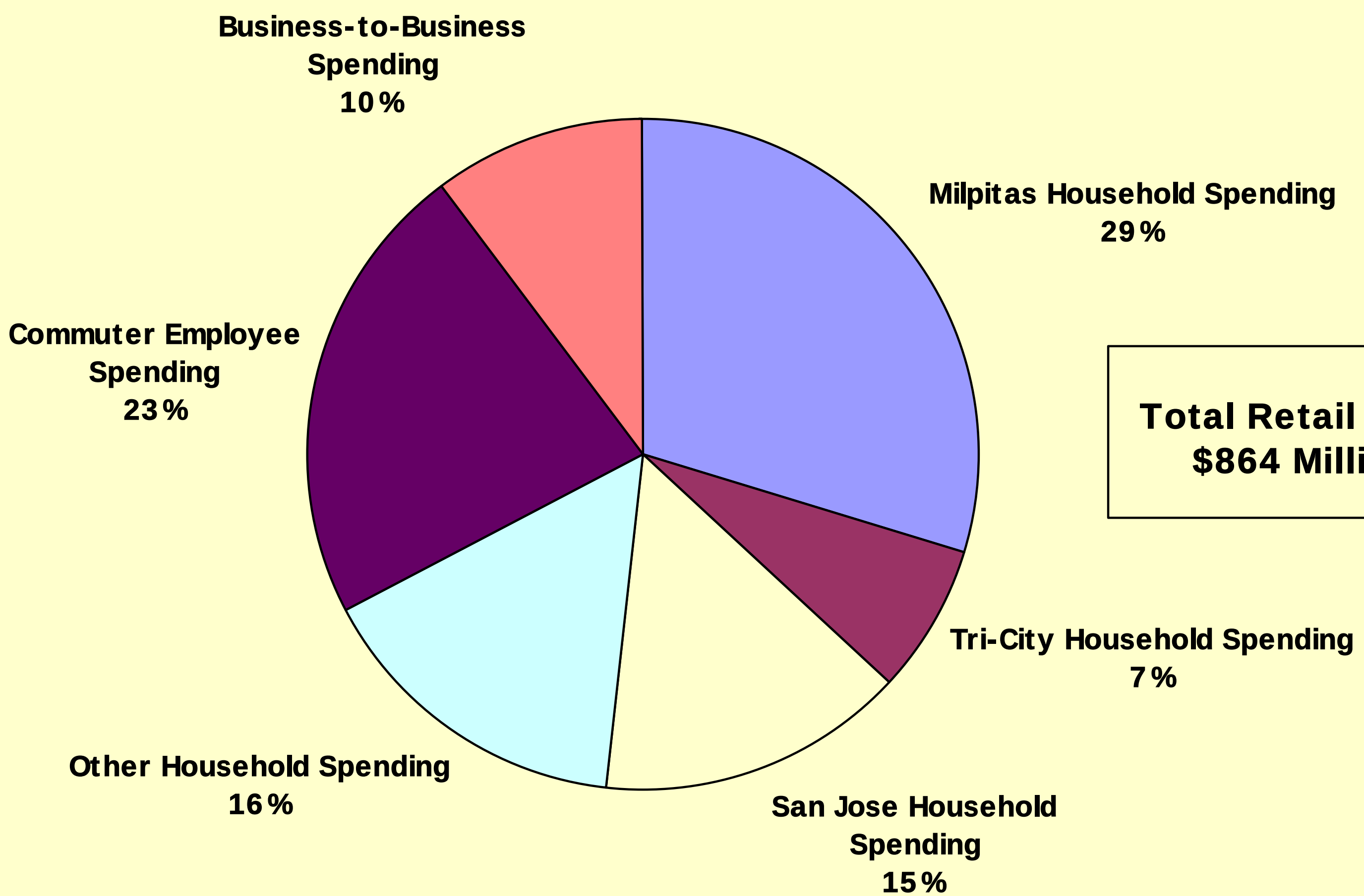
Business Conducted in Other Languages



Retail Realities

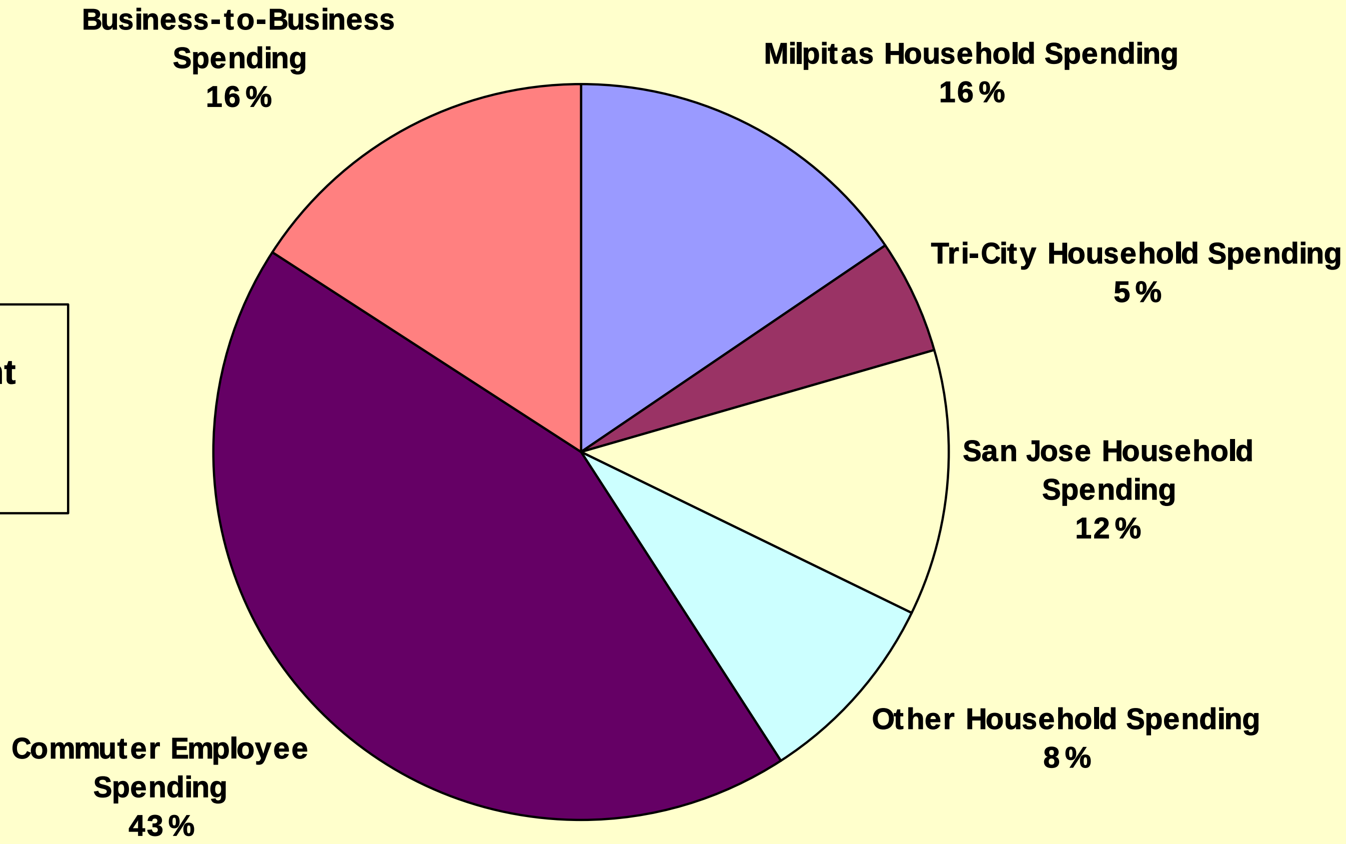


Distribution of Milpitas Retail Shoppers



Total Retail Sales
$864 Million

Distribution of Milpitas Restaurant Customers



Total Restaurant Sales
$168 Million

Retail Realities

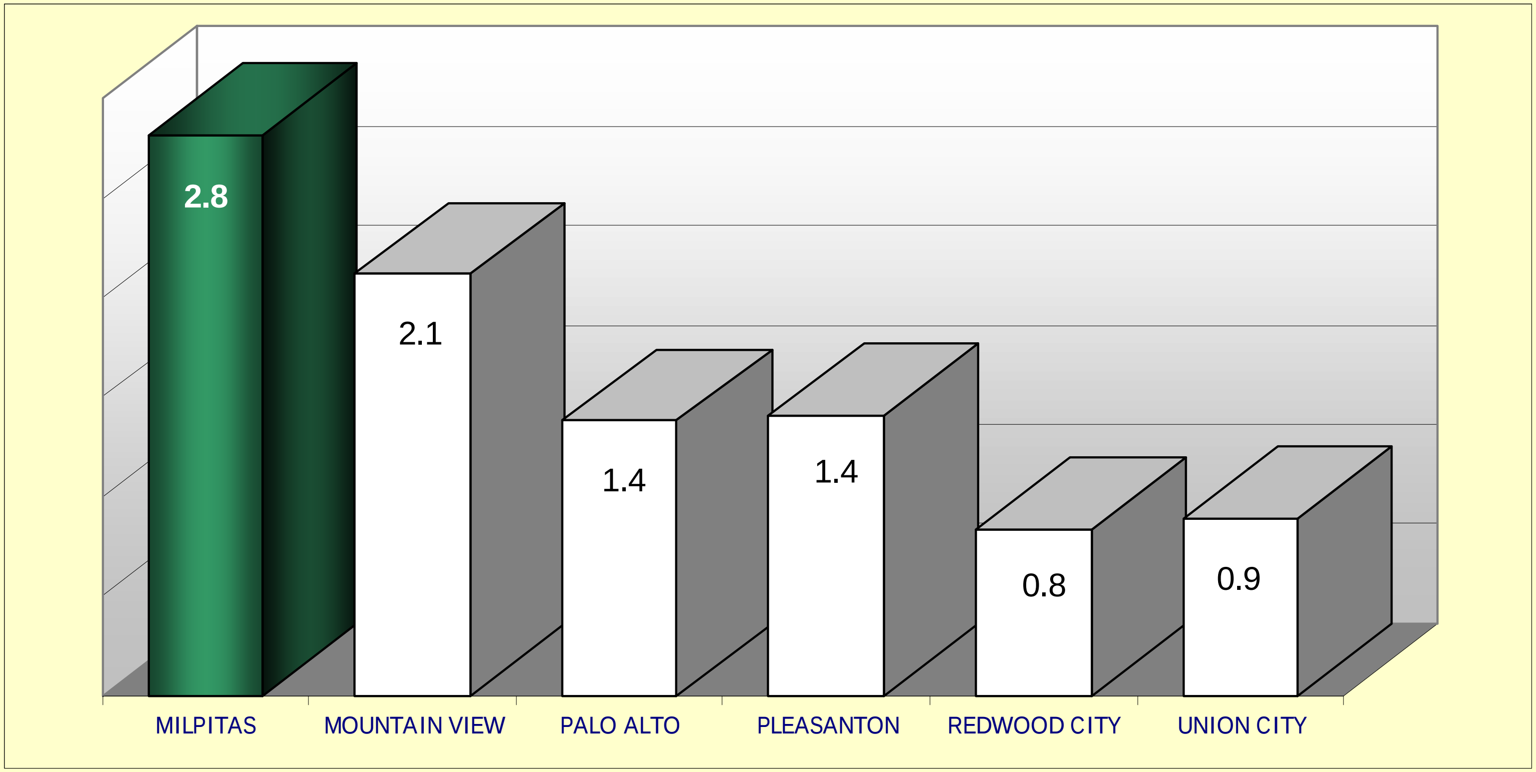
- Commuters make 23% of retail purchases
  - Opportunity to increase by diversifying retail sector
- Milpitas households make about 30% of retail purchases; $137 million spent elsewhere
  - Opportunity to increase sales to Milpitas households by diversifying retail base

Retail Realities

- Small amount of spending at Milpitas stores by Tri-City households
  - Will be less in future due to aggressive retail development there
- San Jose residents make up 15% of sales
  - Likely to decrease as San Jose expands retail opportunities there, especially in North East Quadrant

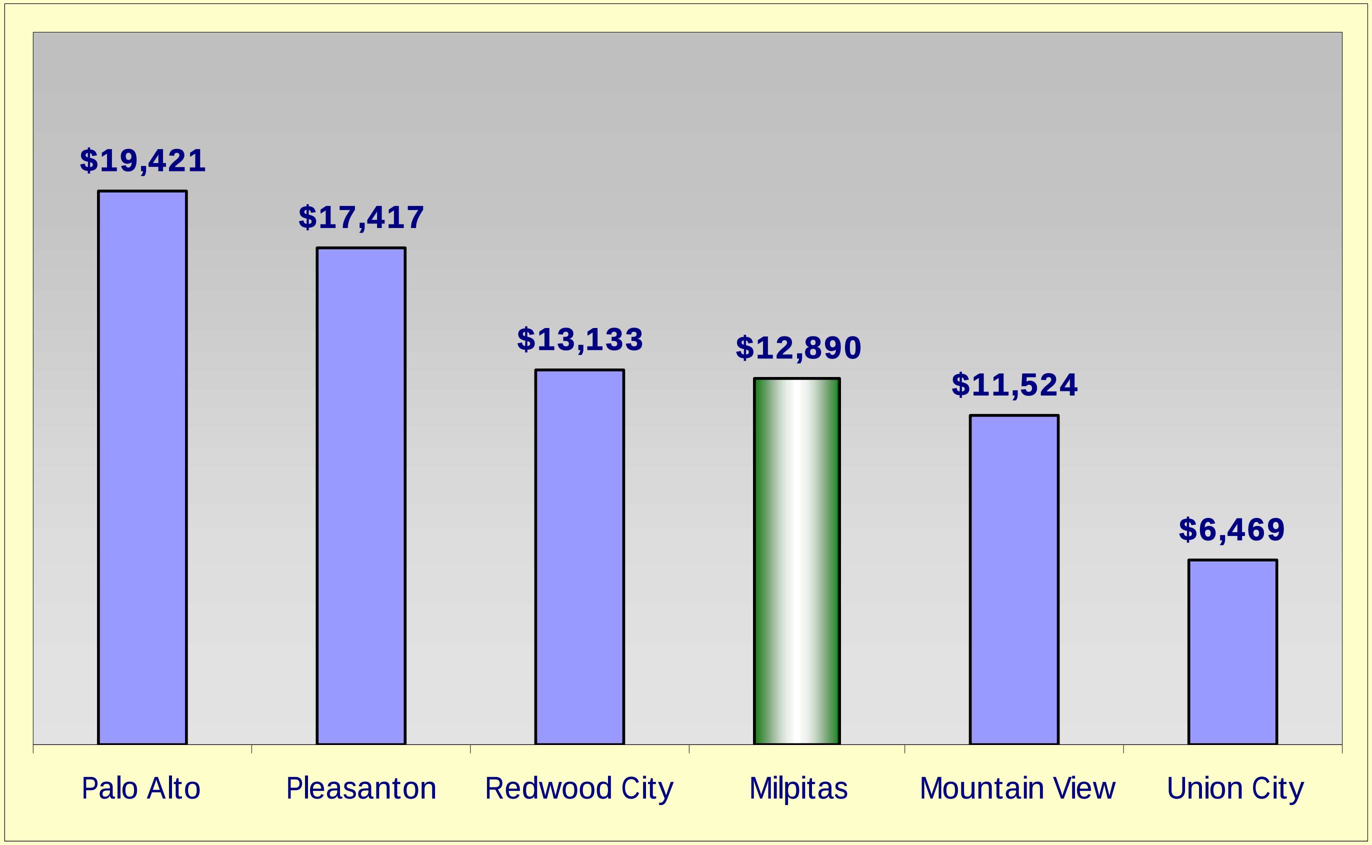
Benchmarks

Jobs to Housing Ratio



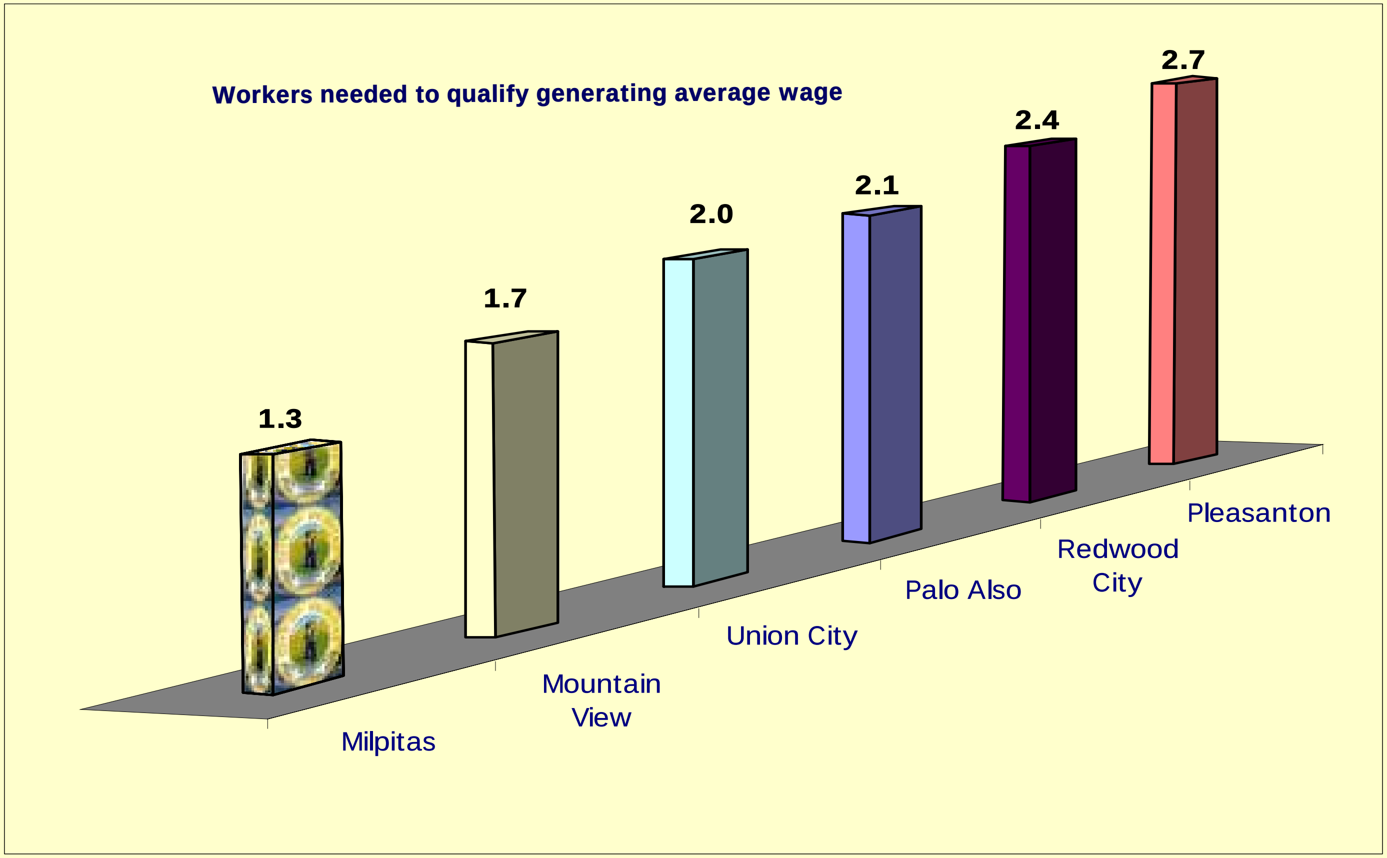
Source: Calculations by Applied Development Economics with data from the California Department of Finance, County Business Patterns, the 1997 Economic Census and Zapdata.com (a Dun & Bradstreet Company)

Taxable Retail Sales Per Capita, 2002



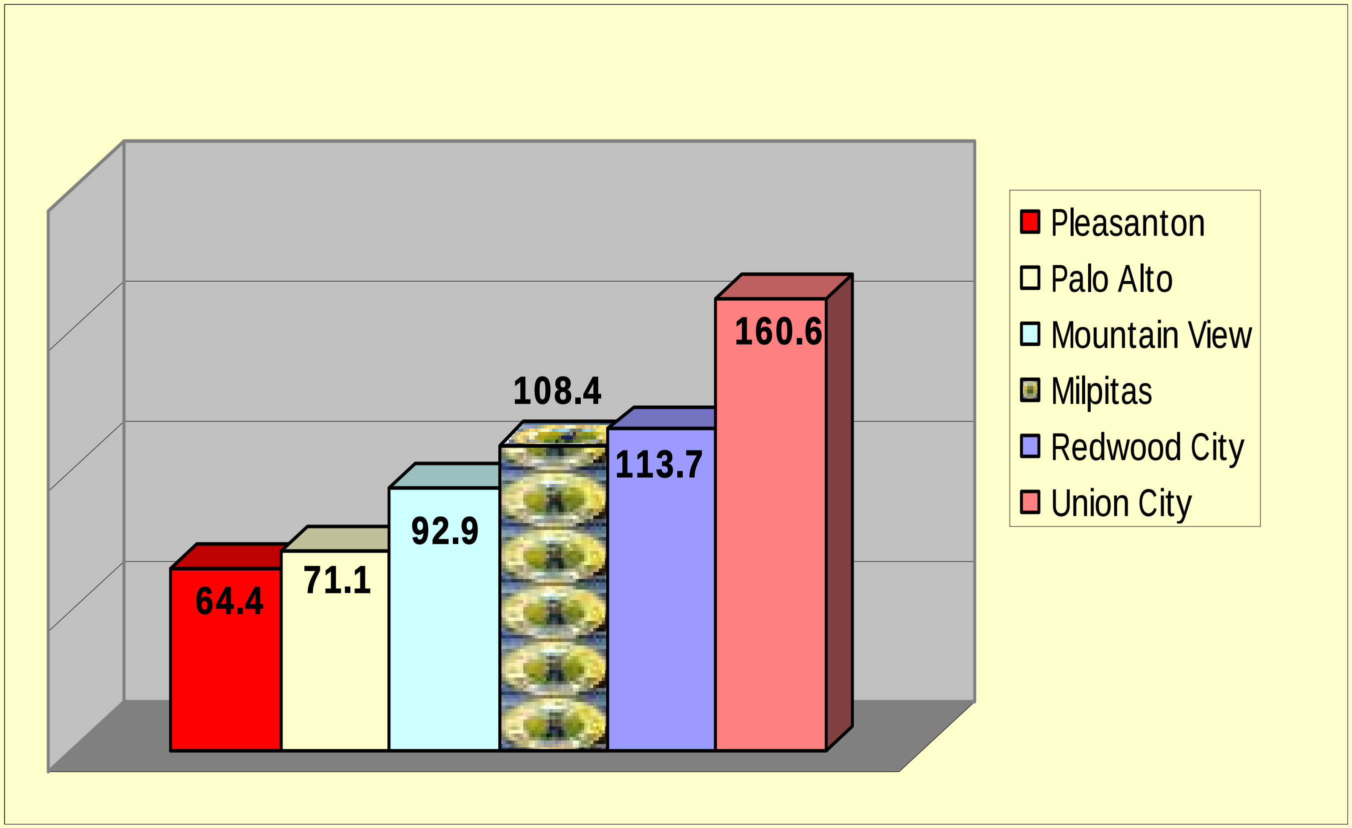
Source: Calculations by Applied Development Economics with data from the California Department of Finance, the California Board of Equalization

Wages and Housing Affordability



Source: Calculations by Applied Development Economics; home prices from DataQuick (median 2003), wages from the Quarterly Census of Employment and Wages 2002 with an adjustment made for 2003 based on the Consumer Price Index, Income needed to Qualify to purchase a home based on formula provided by the California Association of Realtors®

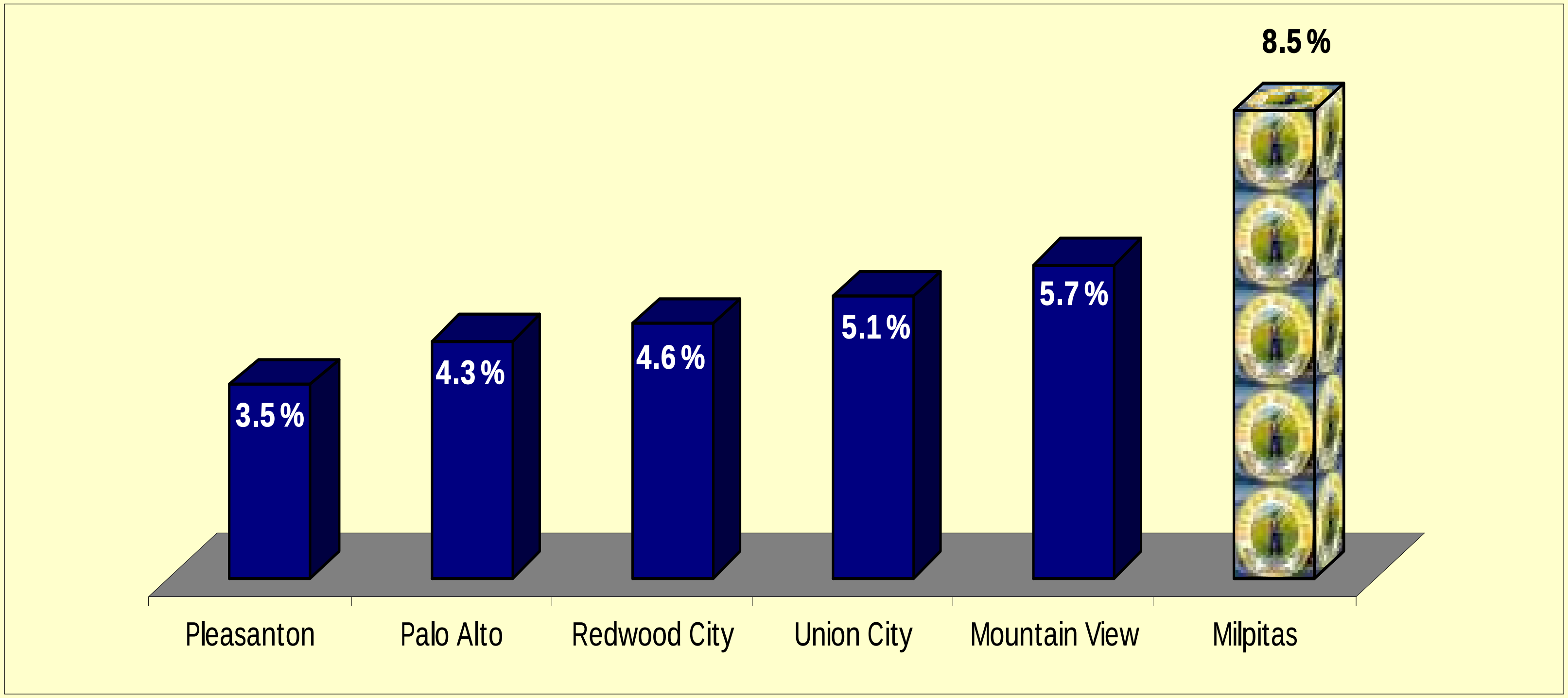
California Crime Index, 2002 *



*** Crimes per 10,000 population**

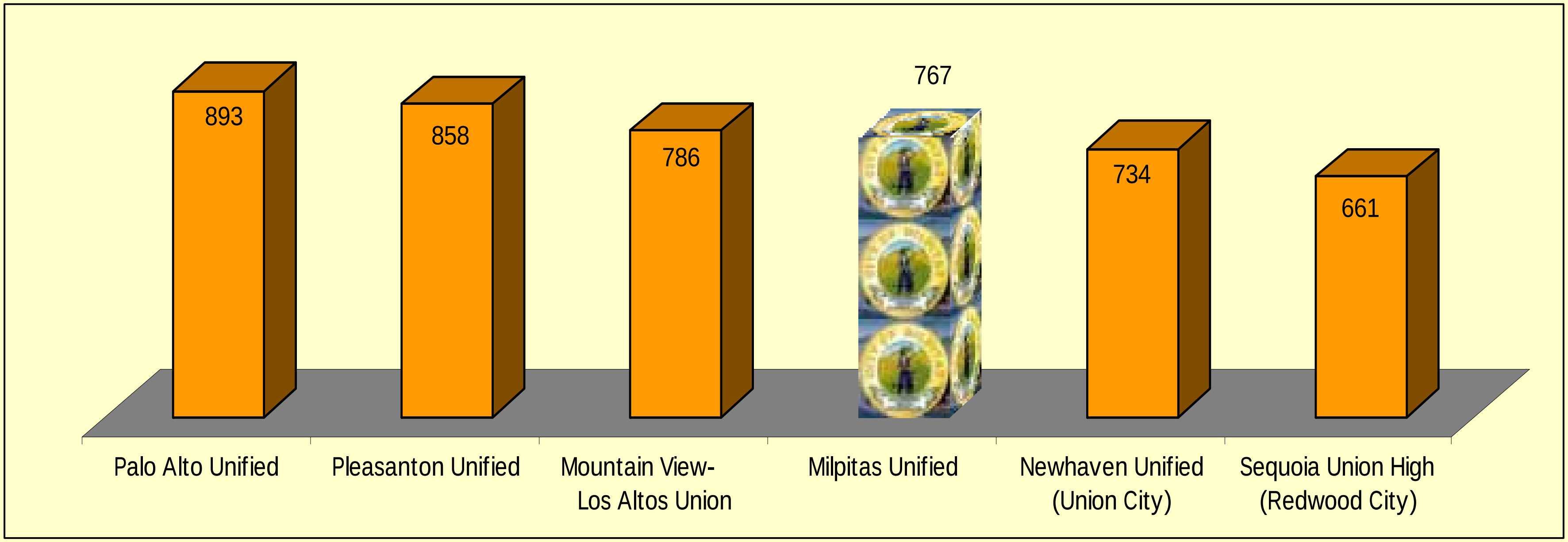
Source: California Department of Justice

Unemployment Rate



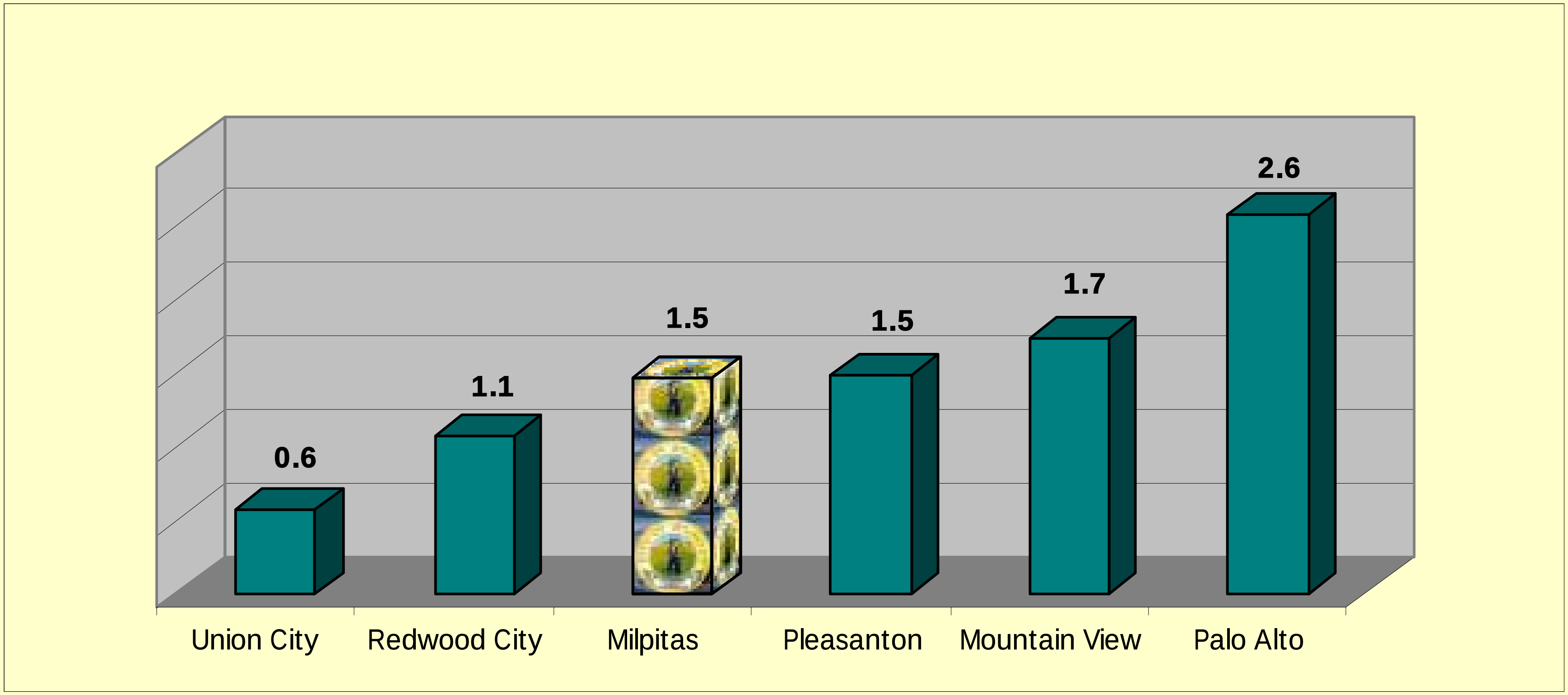
Source: The Labor Market Information Division of the California Employment Development Department.

Academic Performance Index, 2003



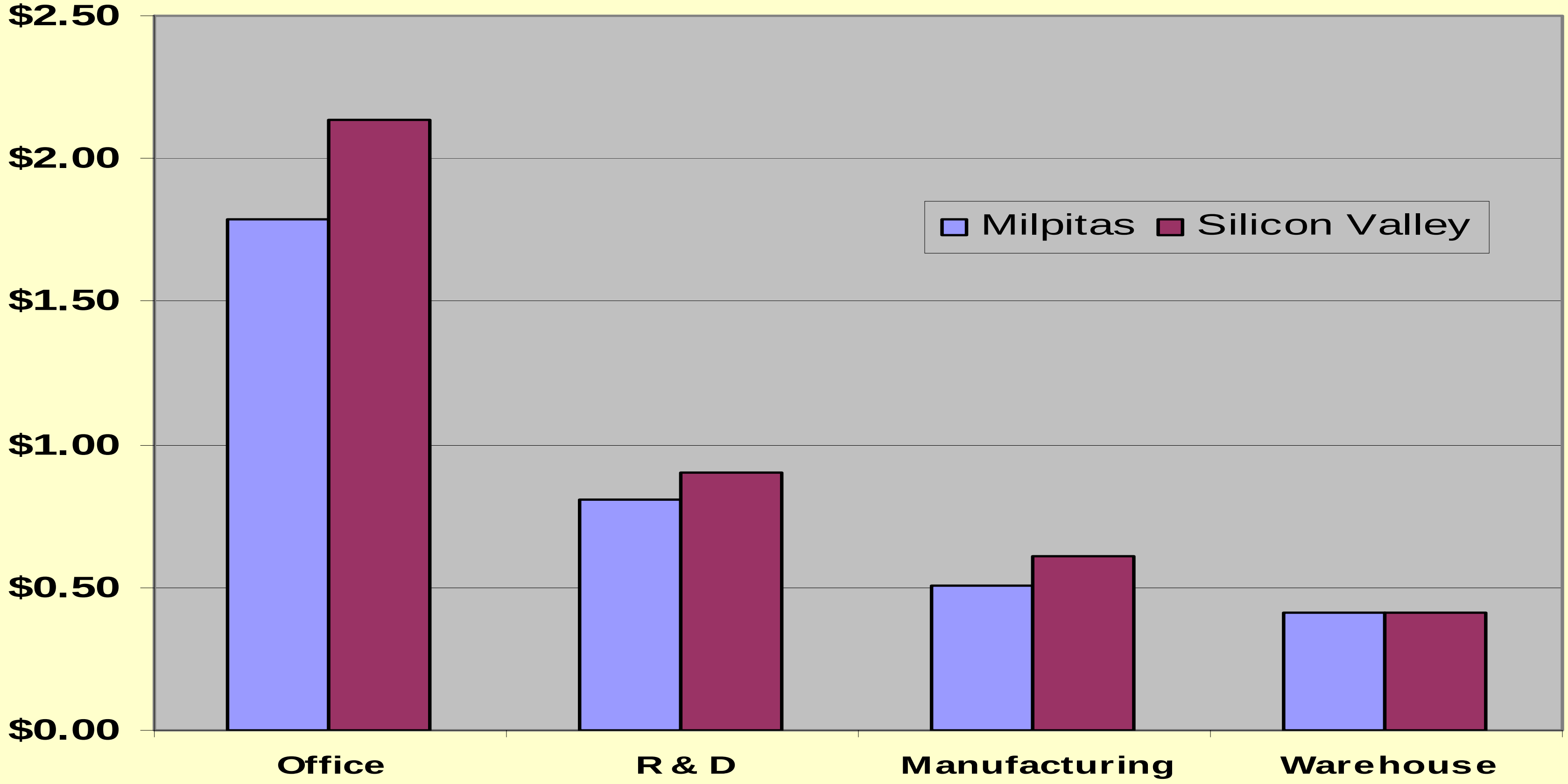
Source: California Department of Education

Ratio of Jobs to Employed Residents

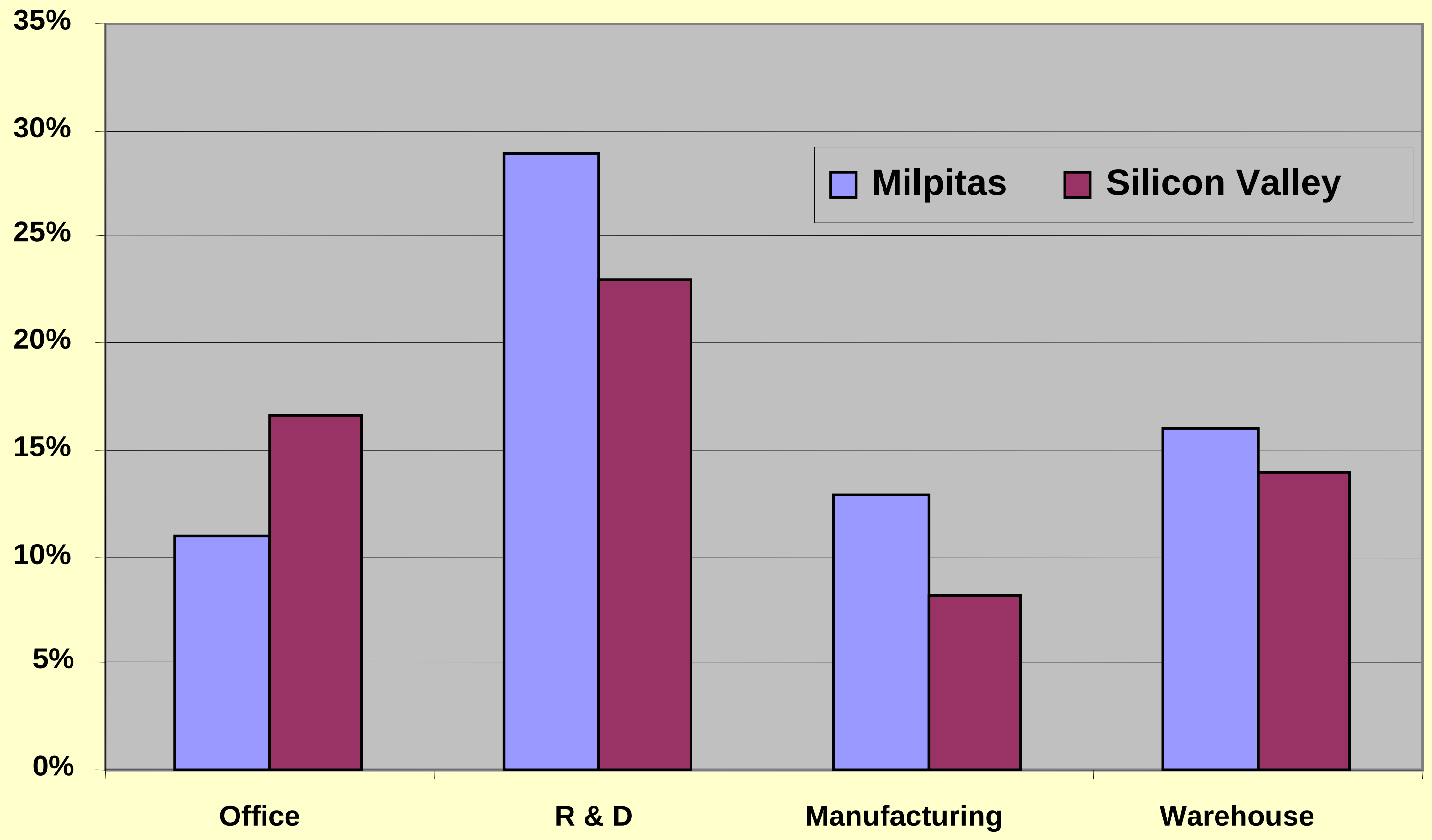


Source: Applied Development Economics with data from the Association of Bay Area Governments (ABAG)

Average Asking Lease Rates
Second Quarter 2004



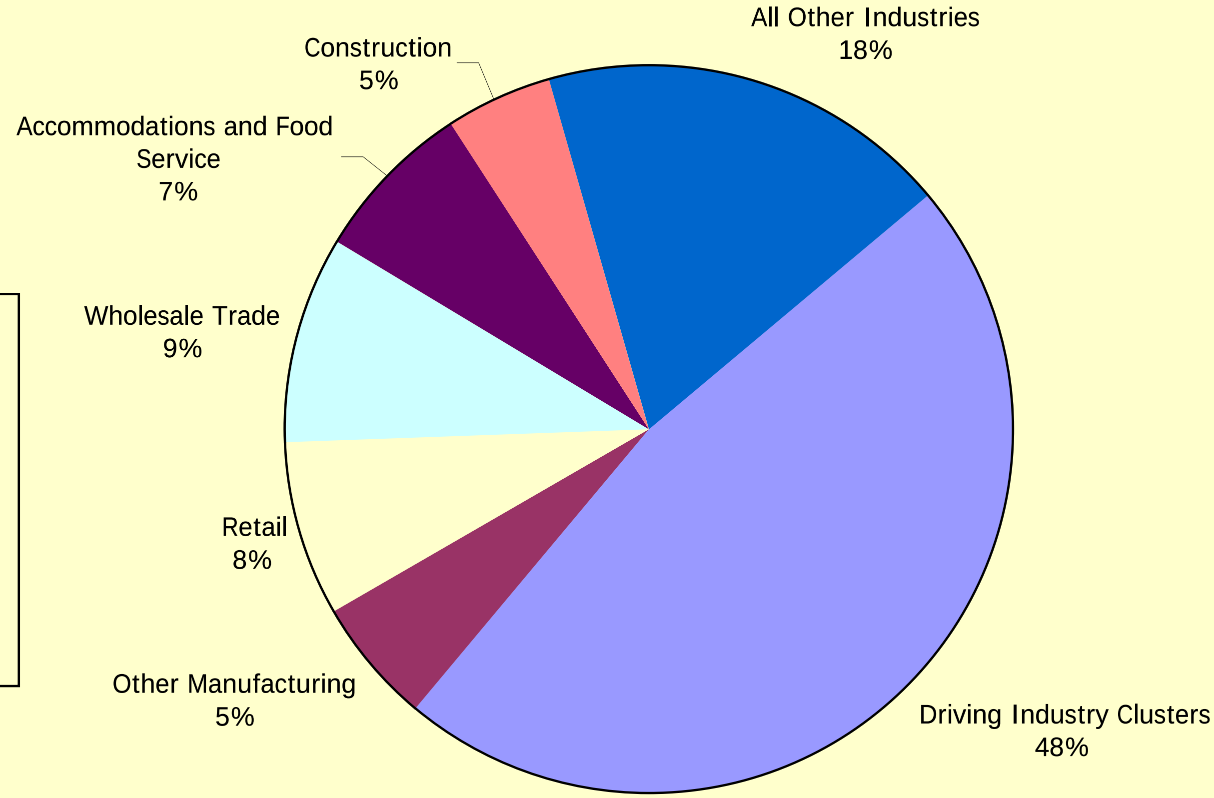
Average Vacancy Rates
Second Quarter 2004



Milpitas Employment Distribution

Total Employment
62,921 (2001)

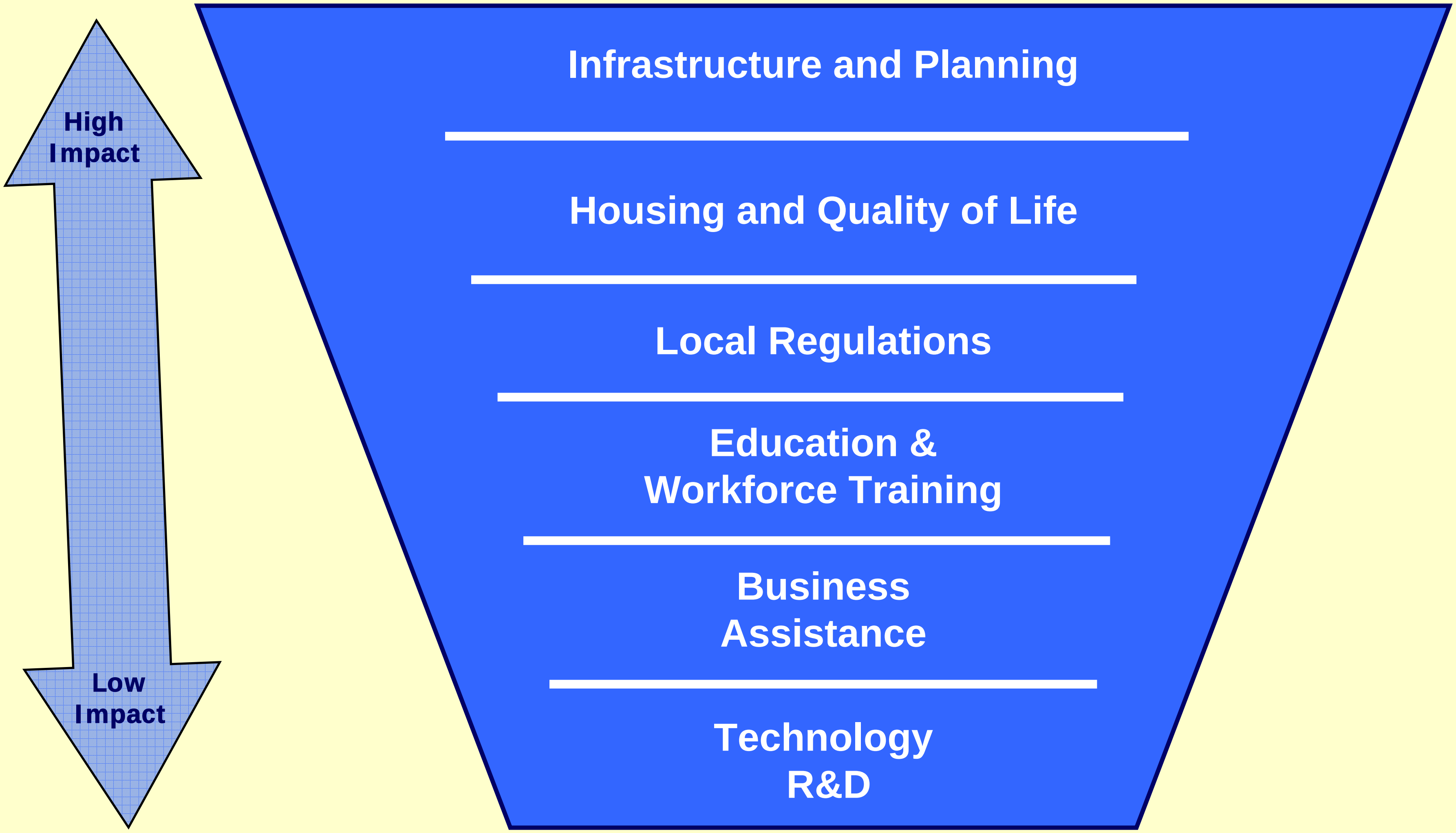
Driving Industry Clusters
Computer and Communications Hardware
Semiconductors
Electronic Components
Software
Biomedical
Professional/Business Services
Corporate Offices



Source: ADE, data from U.S. Census County Business Patterns and IMPLAN CEW County Employment Database

Economic Development Review

Priorities for City Economic Development



Positive Business Climate Goals

- High wage jobs for residents
- Affordable, attractive housing
- Attractive to new business (attraction)
- Healthy existing businesses (retention)
- Thriving Midtown and neighborhoods
- Quality Of Life
- Education and training opportunities

Typical E.D. Program Elements

- Healthy business climate policies
- Business–ready land and buildings
- Bus attraction
- Retention and expansion
- Downtown revitalization
- Workforce development
- Visitor attraction

How Does Milpitas Stack Up?

SWOT Overview

- ✓ Strong fundamentals
- ✓ Jobs rich
- ✓ Strong fiscal future
- ✓ Major improvements now underway

- ❑ Progress not recognized quite yet

Main Strengths - MANY

- Good location in Silicon Valley
- Importer of jobs
- Large retail surplus
- Great Mall, McCarthy Park, Midtown
- Redevelopment
- Competitive industrial + office product
- Recreation, parks
- 2,700 hotel rooms support business clientele
- Cultural diversity
- Active civic participation

Weaknesses Are Relatively Few

- **Industrial and office vacancies (temporary)**
- **Congestion (forever, everywhere)**
- **Negative image (correctable)**
- **Assets not well promoted, yet (branding)**

Outcomes –
Suggested Priorities

Top Four Priorities

- ✓ Midtown Revitalization
- ❑ Great Mall – Make it a world class commercial center
- ❑ Active Marketing Program – brand, image
- ❑ Designated Economic Development Program

Areas of Focus

- ✓ Redevelopment in Midtown
- ✓ Housing, quality of life
- ✓ Local regulatory climate – streamline, 1-stop
- ✓ Education + workforce training – schools, colleges
- ❑ Recognizable Basic Economic Development Program
    - ❑ Retention, attraction, small bus assist, tourism
- ❑ Attraction to fill vacancies
- ❑ Appropriate policies for remaining vacant land

PROMOTING ECONOMIC PROSPERITY

Discussion